SECTION 6

# The SUCCESS Framework

## Operational Excellence Training

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SECTION 6

# Use the Right Performance MEASURES

SECTION 6

# Objectives:

- Determine which questions you need answered
- Distinguish different types of measures
- Tell your story with QT/OE

GOMB

SECTION 6

GIS
Customer Satisfaction Surveys
Compliance Rates
Demographic Information
Website Hits
Turnover Rates
Longitudinal Studies
Federal Reporting Reqs
Machine Learning
Revenue
Statistical Analysis
Evidence-Based Practices
Economic Modeling
Customer Volume

Audit Findings
Personally Identifiable Information
Performance Dashboard
Predictive Analysis
Artificial Intelligence
Timeliness of Delivery
Hours Worked
Cost per
Cost avoidance
Reliability Rates
Workload Sizes
Industry Ratings, Awards
Public Opinion Poll
Third Party Evaluation

GOMB

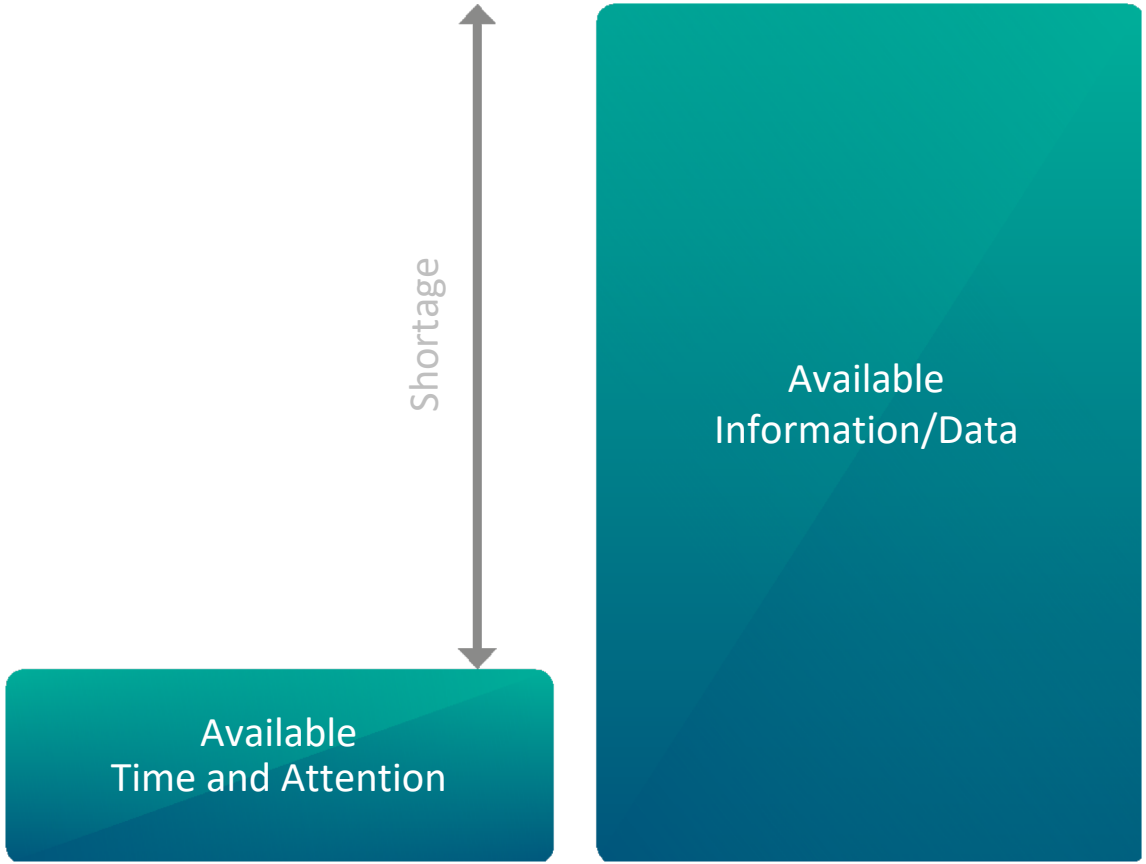
Dear Rachel,

Did you know that we have available information? There's loads of it, and we bet it's something **groundbreaking** that you don't know.

Also, we made the old information prettier and more **user friendly**.

It's the most **innovative** out there, and everybody's using it. You had better use it too, or you'll be out of the loop.

Unless you acquire it, you'll fall short of your goals...


Shortage
Available
Information/Data
Available
Time and Attention

# The Seductive Seven: More Data

Illusion:

*We believe that the more data we have, the more we will uncover reality and deepen our understanding.*

Right Mindset:

*Too much data breeds confusion. Data can be useful when you know what question you are trying to answer.*

SECTION 6

# Measure:

A quantifiable indicator used to determine how well an organization is achieving its goal.

SECTION 6

# What is your goal?

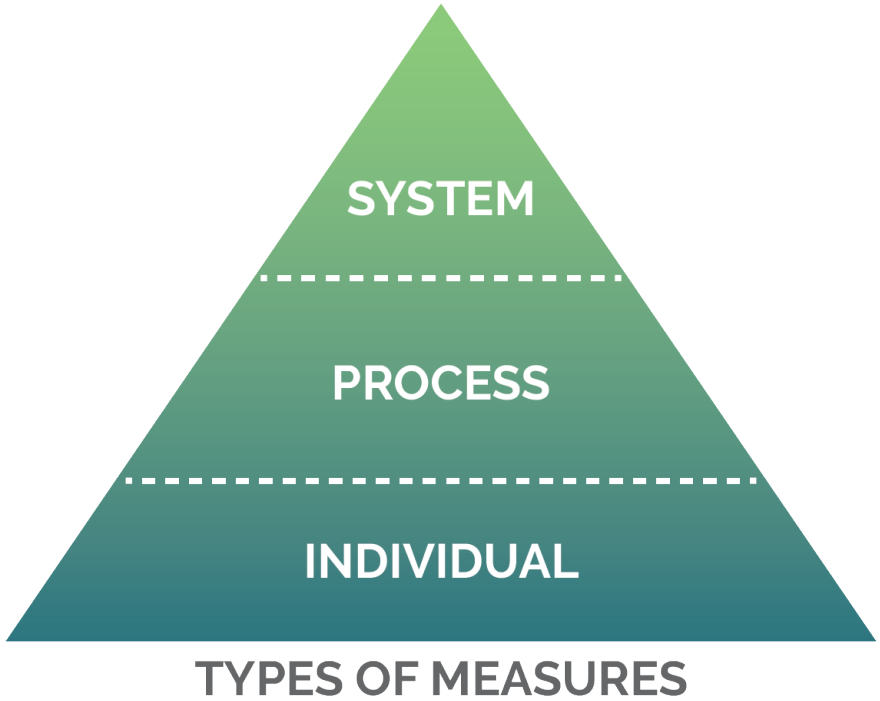
"Show me how you measure me and I'll show you how I behave"

*Eli Goldratt*

# The Right Performance Measures:

- Align resources, actions and behaviors towards the goal
- Help us understand how the system is performing over time, and when intervention or change is necessary
- Tell us how we are doing today
- Identify improvement opportunities

# Hierarchy of Measures:




**To what end do we exist?**
**Are we achieving that goal?**

**Which means best achieves that goal?**
**Is our process functioning?**
**What should change?**

**How are we each contributing to our shared goal?**

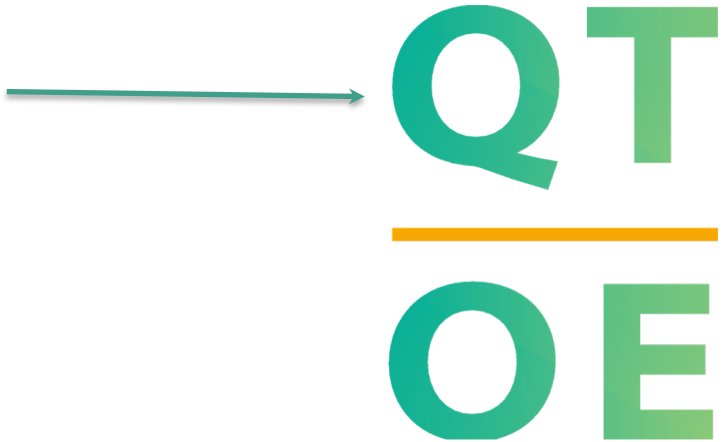
# System Measure:

The equation **Q × T ÷ OE** is a universal formula to capture the performance over time of any system of work in government. Its parts are:

**T** Throughput, or units of work completed (#)

**Q** Quality, or effectiveness of the work completed (%)

**OE** Operating Expenses, or total cost of operating the system ($)




Improve the trend by influencing *quality*,
then speed to maximize taxpayer dollars.

**Quality is the utmost indicator for whether a system is meeting its ultimate goal.**

# System Measure:

The equation **Q × T ÷ OE** captures the outputs a system produces today, but once results in a near-meaningless value like….

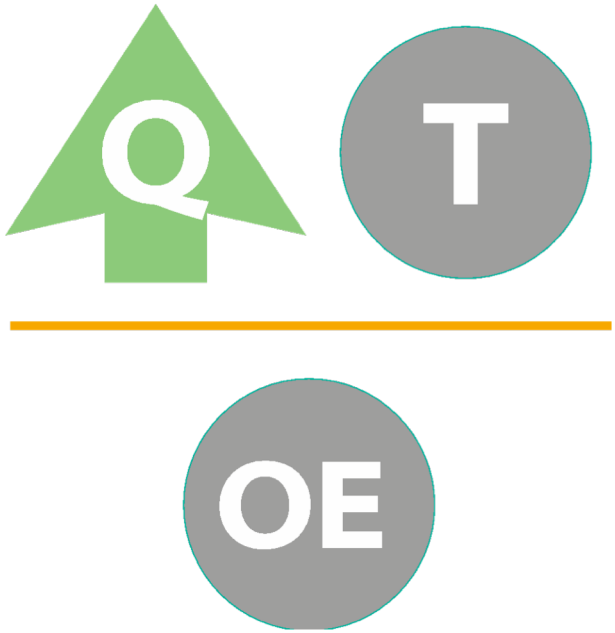
.000021658

This ratio is only helpful when viewed in the context of a trend.

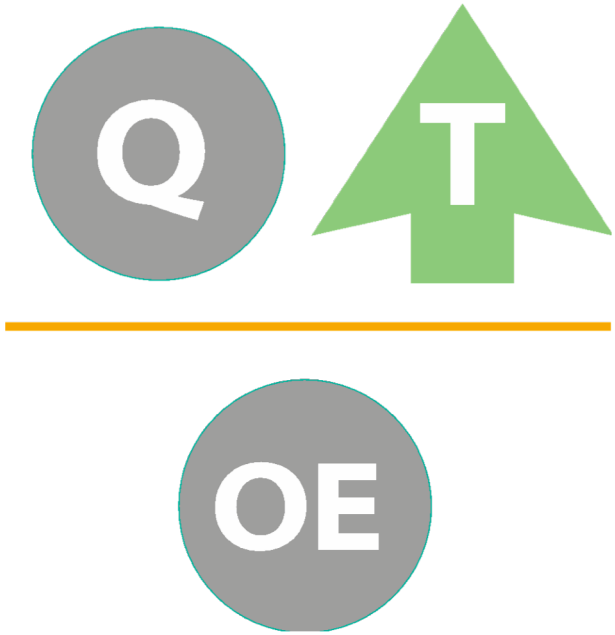
QT/OE encourages us to improve against our historic performance. Compare ongoing performance trends to those of a baseline period.

*"**Over the past 18 months we have improved our reliability by 34%** (quality measure), **while absorbing 18% more workload** (throughput) **for the same costs** (operating expenses)."*


Is this System Performing Well?




Is this System Performing Well?




Is this System Performing Well?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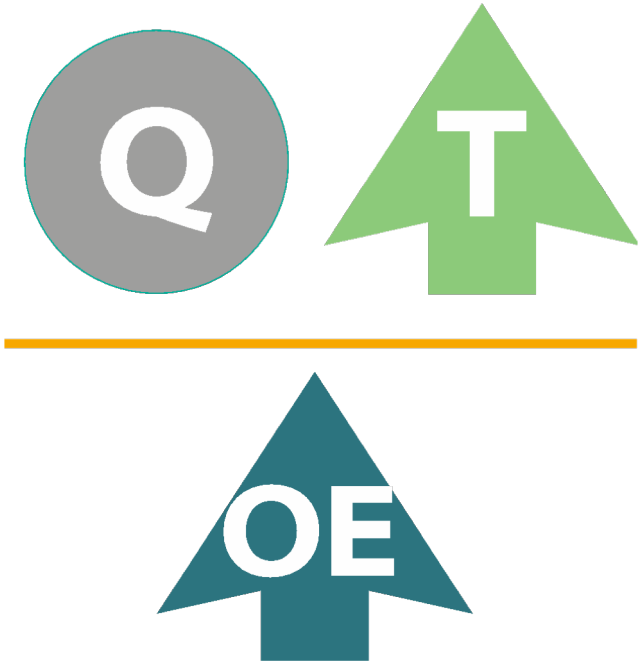



Is this System Performing Well?

$$\frac{OE}{QT}$$

Invert to calculate a unit cost, or “cost per”

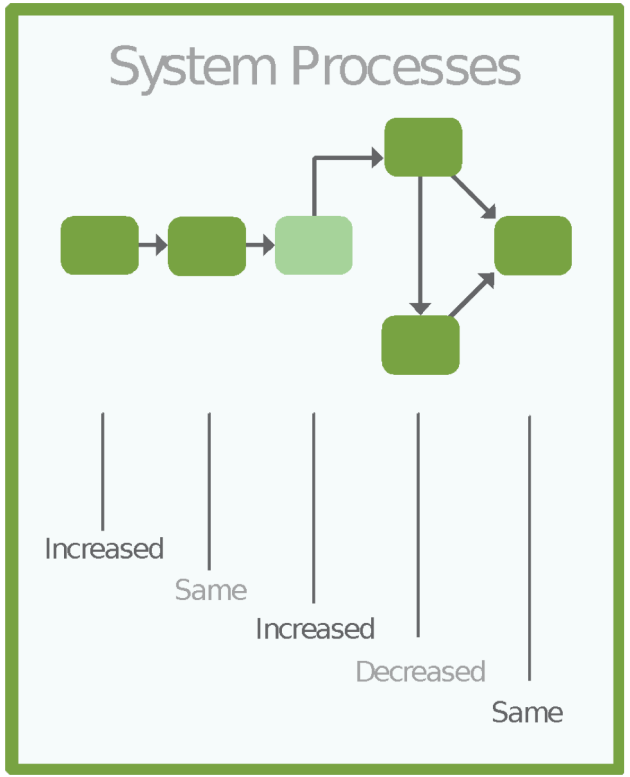
# Process Measures:

Management measures

Focus on the flow and quality of work today, so outcomes can be improved tomorrow

Correspond to the Rules of Flow:

- Triage
- Full Kit
- WIP
- FITT
- Synchronization
- Mistake Proof
- Standard Work



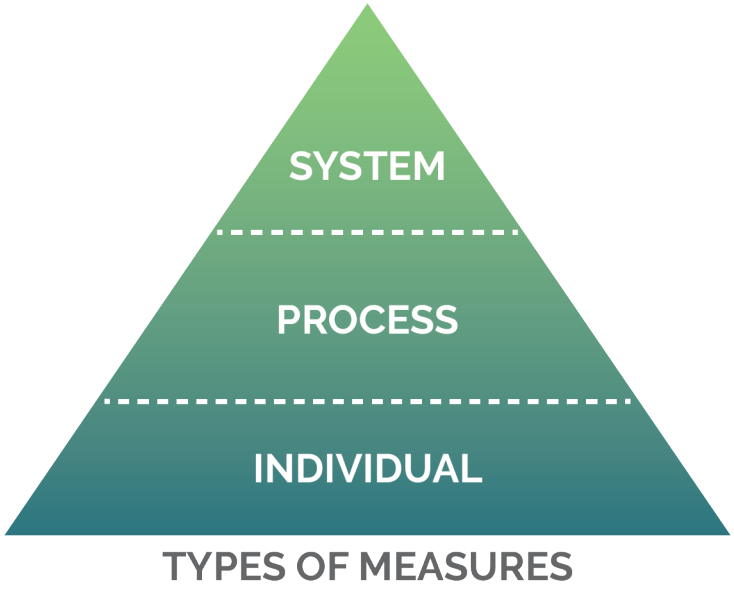
# Individual Measures:

Individual reflections of system and process measures

- Caseload sizes / WIP
- Services provided
- Measures of flow
  - % reworked
  - time elapsed

Not necessarily punitive!

# The Division to Help Utahns




System Measure:
Throughput: *# of Utahns helped monthly*
Quality: *% of Utahns achieved their desired outcome*
Expenses: *$500,000/mo direct and overhead*

Process Measures:
*Time elapsed- help requested until delivery*
*% of time spent helping vs. other activities*

Individual Measures:
*# of Utahns helped weekly,*
*% help delivered fully (no rework in 10 days)*

# Types of Government Work

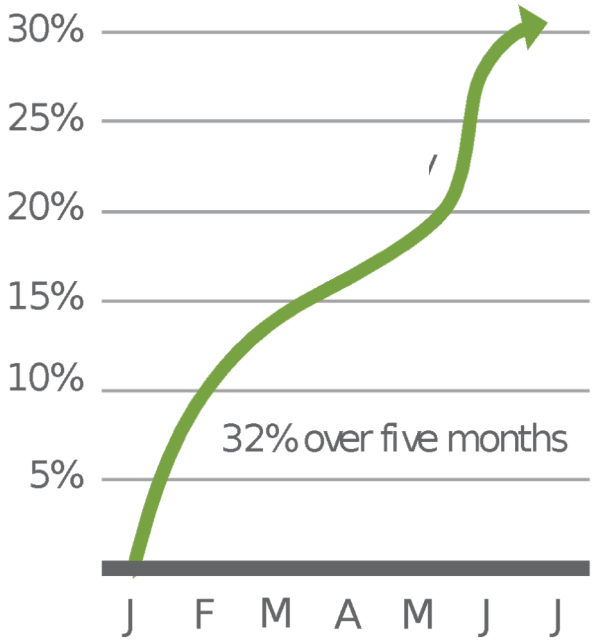
# Types of Government Work

| Type of Work | Activities | Throughput (#) | Quality (%) |
|---|---|---|---|
| Projects | Construction, IT develop. | Projects completed | Timeliness, in-budget |
| People / Social Services | Case mgmt., welfare | Individuals served | Desired outcome, or proxy |
| Policy | Policies, rules, research | Policies recommended | Desired outcome rate |
| Regulatory | Inspection, enforcement | Inspections conducted | Compliance rate |
| Resource Management | Fleet, natural resources | Resources affected | Coverage, utilization rate |
| Transactional | Applications, licensing | Volume processed | Accuracy, reliability met |
| Inventory / Distribution | Retail, sales, warehouse | Revenue generated | Reliability standard met |
| Marketing / Outreach | Public health, economic | Impressions generated | Desired outcome rate |

SECTION 6

# How are your current system measures doing? Tell your story.

- Relevant?
- Representative?
- Incentivizing the desired behavior?




GOMB

SECTION 6

# QT/OE Measurement Guide & Form

at gomb.utah.gov

## QT/OE MEASUREMENT GUIDE

UTAH GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET

$$\frac{Q \times T}{OE}$$

The equation **Q × T ÷ OE** is a universal formula to capture the performance over time of any system of work in government. Its parts are:

- **T** Throughput, or units of work completed (#)
- **Q** Quality, or effectiveness of the work completed (%)
- **OE** Operating Expenses, or total cost of operating the system ($)

It compares ongoing performance trends to those of a baseline period. Trends should be improved by first influencing quality, then speed-- not simply by cutting costs-- to maximize taxpayer dollars. Quality is the utmost indicator for whether a system is meeting its ultimate goal.

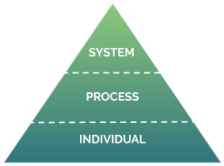
**QT/OE** captures the overall outputs that systems produce today, encompassing separate process and individual performance metrics. Consider this system:

System Measure: *Division to Help Utahns*

- Throughput: *# of Utahns helped monthly*
- Quality: *% of Utahns achieved their desired outcome*
- Expenses: *$500,000/mo direct and overhead*

Process Measures: *Time elapsed- help requested until delivery, % of time spent helping vs. other activities*

Individual Measures: *# of Utahns helped weekly, % help delivered fully (no rework in 10 days)*




TYPES OF MEASURES

Government systems are diverse, but their work can all be measured using **QT/OE**. For example:

| Type of Work | Activities | Throughput (#) | Quality (%) |
|---|---|---|---|
| Projects | Construction, IT develop. | Projects completed | Timeliness, in-budget |
| People / Social Services | Case mgmt., welfare | Individuals served | Desired outcome, or proxy |
| Policy | Policies, rules, research | Policies recommended | Desired outcome rate |
| Regulatory | Inspection, enforcement | Inspections conducted | Compliance rate |
| Resource Management | Fleet, natural resources | Resources affected | Coverage, utilization rate |
| Transactional | Applications, licensing | Volume processed | Accuracy, reliability met |
| Inventory / Distribution | Retail, sales, warehouse | Revenue generated | Reliability standard met |
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## QT/OE FORM

You'll work with GOMB throughout this process to generate a **QT/OE** metric for your system:

Brainstorm as an agency. Schedule meeting with GOMB. → Meet to review / finalize ideas into the form. → Gather baseline data, complete the form. → GOMB reviews, enters QT/OE into portal. → Agency routinely inputs data. GOMB and agency monitor performance...

*two-way deadlines, status updates, and follow-up throughout*

***GOMB contact:*** *Rachel Stone, rachelstone@utah.gov*

*(Examples in italics. To edit with your responses, save this to your Google Drive: File > Make a copy.)*

**Agency:** *Agency for All Utahns*
**Division / Sub-Division:** *Division to Help Utahns*
**System / Sub-System:** *Help Delivery*
**Goal:** *Reliably help any Utahn when and where they need it.*
**Measure Reporting Interval:** *Choose Monthly, Quarterly, Calendar Annual, or Fiscal Annual*
**Measure Contact:** *Name, email*

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**Throughput Definition (#):** *Number of Utahns helped*
**How does this align with the system goal?** *We want our impact growth to pattern UT pop. growth.*
**Throughput Data Source:** *HELP database query*
**Helpful Calculation Notes:** *SELECT COUNT(Name) FROM help WHERE Last_Helped LIKE '-7-2019'*

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**Quality Definition (%):** *Percent of Utahns helped who achieved their desired outcome*
**How does this align with the system goal?** *Encourages the help to align with true desired outcomes*
**Quality Data Source:** *HELP database query*
**Helpful Calculation Notes:** *SELECT.. other SQL query or math methods here*
*(Copy and complete the quality section again below if blending >1 quality measure.)*

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**Operating Expenses** should combine system personnel (pro-rated if needed), direct system non-personnel, and system-supporting administrative overhead costs. Estimates can be entered in the portal temporarily, and corrected with closeout actuals later.
**OE Data Source:** *FINET Unit Codes 1401 + 1402*
**Does the OE correspond with an appropriation code?** *No* **Pass through funds?** *Yes, included*

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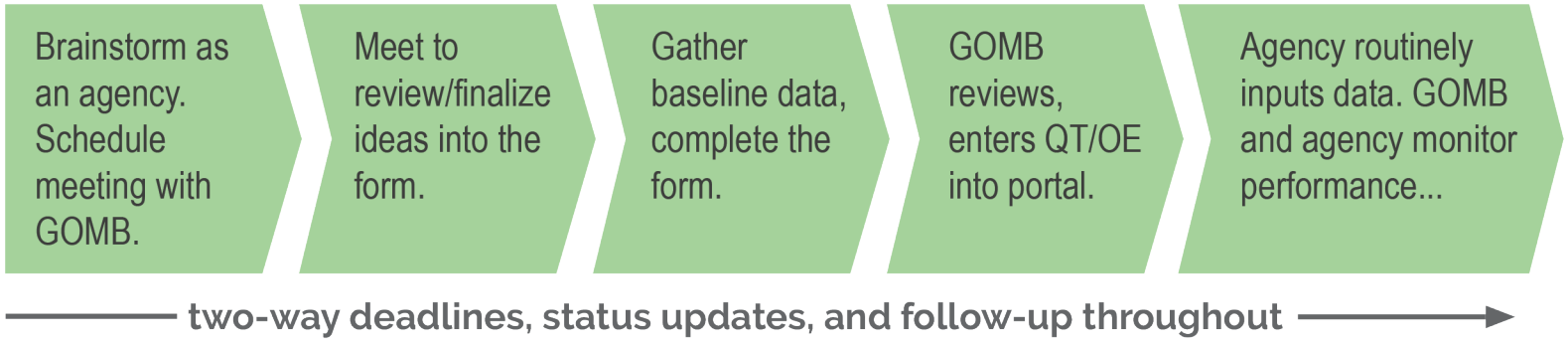
**Baseline Period:** (one year preferrable) *July 2018 - June 2019*
**Total Baseline Throughput:** *100,000* **Quality:** *75%* **OE:** *$500,000 / mo*
Provide a spreadsheet to GOMB with the OE baseline data and calculations.

GOMB

# Developing a QT/OE for GOMB…



# Your Turn

1. Identify potential throughput and quality that could be used in a QT/OE measure.

2. Distinguish from other process measures.

# www.gomb.utah.gov